

Fundamentals of Finance - FINC 150: Practice Problems Chapter 6

- 1) The 4.5 percent bond of JL Motors has a face value of \$1,000, a maturity of 7 years, semiannual interest payments, and a yield to maturity of 6.23 percent. What is the current market price of the bond? 1) \_\_\_\_\_  
A) \$912.40      B) \$959.60      C) \$945.08      D) \$947.21      E) \$903.05
- 2) A \$1,000 face value bond currently has a yield to maturity of 8.22 percent. The bond matures in five years and pays interest semiannually. The coupon rate is 7.5 percent. What is the current price of this bond? 2) \_\_\_\_\_  
A) \$1,010.13      B) \$970.96      C) \$1,005.26      D) \$989.60
- 3) A 12-year, annual coupon bond is priced at \$1,102.60. The bond has a \$1,000 face value and a yield to maturity of 5.33 percent. What is the coupon rate? 3) \_\_\_\_\_  
A) 6.51 percent      B) 5.74 percent      C) 6.28 percent      D) 5.33 percent
- 4) National Distributors has \$1,000 face value bonds outstanding with a market price of \$1,013. The bonds pay interest semiannually, mature in 11 years, and have a yield to maturity of 6.87 percent. What is the current yield? 4) \_\_\_\_\_  
A) 6.48 percent      B) 7.39 percent      C) 6.77 percent      D) 6.95 percent
- 5) The \$1,000 face value bonds of Galaxies International have coupon of 6.45 percent and pay interest semiannually. Currently, the bonds are quoted at 103.4 and mature in 4 years. What is the yield to maturity? 5) \_\_\_\_\_  
A) 6.79 percent      B) 6.02 percent      C) 5.49 percent      D) 4.88 percent
- 6) The 6.5 percent bond of ABCO has a yield to maturity of 6.82 percent. The bond matures in seven years, has a face value of \$1,000, and pays semiannual interest payments. What is the amount of each coupon payment? 6) \_\_\_\_\_  
A) \$32.50      B) \$65.00      C) \$34.10      D) \$30.00      E) \$68.20
- 7) Blue Water bonds have a face value of \$1,000, a coupon rate of 6.5 percent, semiannual interest payments, and mature in 11.5 years. What is the current price of these bonds if the yield to maturity is 6.36 percent? 7) \_\_\_\_\_  
A) \$984.56      B) \$1,011.30      C) \$1,020.00      D) \$979.20
- 8) AB Builders has 15-year bonds outstanding with a face value of \$1,000 and a market price of \$974. The bonds pay interest annually and have a yield to maturity of 4.03 percent. What is the coupon rate? 8) \_\_\_\_\_  
A) 3.80 percent      B) 3.75 percent      C) 3.95 percent      D) 4.20 percent

Answer Key

Testname: 6PRACTICEPROBLEMSCHAPTER6

- 1) E
- 2) B
- 3) A
- 4) D
- 5) C
- 6) A
- 7) B
- 8) A